

voters may approve by referendum. However, as a practical matter, debt is limited by the availability of revenue streams to pay debt service, by market factors, and by Board/voter discretion.

2. In concert with the County Administrator and the County Finance Team, and to facilitate better short-term decisions, the Office of Management and Budget will create an annual report to the Board, which lists current debt and projects debt requirements ten years into the future.
3. The County will not fund operations or normal maintenance from the proceeds of long-term financing and will confine long-term borrowing and capital leases to capital improvements, projects, or equipment that cannot be financed from current or projected financial resources. To conserve debt capacity as well as maintain a high bond rating the County will utilize pay-as-you-go financing to the maximum extent possible.
4. Notwithstanding extenuating circumstances, the County's debt capacity will be maintained within the following generally accepted benchmarks:
  - a. Direct debt per capita shall remain below four hundred dollars (\$400.00). Direct debt includes general obligations and voted debt.
  - b. Direct debt per capita as a percentage of income per capita should not exceed 2%.
  - d. Direct debt as a percentage of the final assessment value of taxable property as provided by the Office of the Property Appraiser shall not exceed 1%.
  - e. The ratio of direct debt service expenditures as a percentage of general governmental expenditures will not exceed 10%. General governmental expenditures are considered General Fund expenditures, Fine and Forfeitures Fund expenditures plus transfers to the Constitutional Officers, the Airport, the Port and all transfers to Internal Service Funds.
  - f. The County shall strive to maintain a minimum underlying bond rating equivalent to a Moody Rating Service Aa. The County shall request an evaluation of their underlying rating every five years or as deemed necessary by the Board.

Comment: The County has never undergone an underlying rating review. The Office of Management & Budget has been in contact with the County Financial Advisor concerning this subject. It is hoped that by next year a rating agency will have completed an underlying rating on the County.

Comment: Calculation of current debt ratios, as well as current debt balances are included in the Debt Service section of this book.

7. The County shall strive to keep the average maturity of general obligation bonds at or below fifteen (15) years.
8. When financing capital projects or equipment by issuing bonds, the County will amortize the debt over a term not to exceed the useful life of the project or piece of equipment.
9. Each year the County will review its outstanding debt for the purpose of determining the feasibility of refunding an issue. Candidates for refunding are those issues that may realize a present value savings of 3% over the life of the issue.
10. To the maximum extent possible, the County will use special assessment (i.e. Municipal Services Benefit Unit) or self-supporting bonds (i.e. Revenue Bonds) in lieu of general obligation bonds so that those benefitting from the improvements will absorb all or part of the project costs.

#### Appropriation Policy

1. Fund appropriations of the Board will be allocated to departments, divisions, programs, cost centers, projects, and line item object codes as deemed appropriate by the Management & Budget Director, with the approval of the County Administrator, to facilitate managerial control and reporting of financial operations.
2. Each year, before Department Directors and Division Managers begin to prepare operating budget requests, the Office of Management & Budget will issue budget preparation instructions. These instructions will take into consideration: 1) County financial policies; 2) The expressed desires of the Board and County Administrator for changes in service or service levels; 3) Projected costs of authorized services; 4) Forecasted revenues. County managers will prepare annual budget consistent with these instructions.
3. The County, in conjunction with an independent consultant, will prepare and maintain an indirect cost allocation plan which conforms to federal guidelines for grant reimbursement of administrative costs. Managers will bill and collect indirect cost charges to eligible grant projects, enterprise funds, and other funds as appropriate.
4. The budget requests of County agencies will include itemized lists of all desired operating equipment, and of any equipment in inventory for which replacement is being requested. Purchase of equipment valued in excess of \$750 not on the approved budget list will require approval by the Board on a case-by-case basis.

5. Each year the County will prepare a comprehensive five-year capital improvement program identifying needed public facilities by service type and geographic area for approval by the Board.
6. The annual budget will contain appropriations to fund capital projects identified by Departments for the purpose of completing the first year of the five-year capital improvement program. Operating budget implications of these capital projects will be identified; such expenses for the first (budgeted) year of the capital plan shall be funded.

## **BUDGET PROCESS - SCHEDULE**

The budget is prepared in accord with the following schedule:

NOVEMBER	Close out prior fiscal year; begin policy planning for next fiscal year.
DECEMBER	Adjust prior year estimates to actuals; publish final budget.
JANUARY	Board strategic planning session; review of general budget policy direction Citizens Budget Committee agenda and schedule adopted.
FEBRUARY	Distribute budget preparation guidelines to departments.
MARCH	Departments prepare budgets; Department Directors review budget.
APRIL	County Administrator budget reviews. Update audited carryover amounts; make preliminary revenue estimates.
MAY	Board strategic planning session; mid-year budget review.
JUNE	Board workshops - capital projects.
JULY	Citizen's Budget Committee report to Board. Board budget reviews; set proposed millage rates.
AUGUST	Prepare tentative budget.
SEPTEMBER	First public hearing - adopt tentative budget and millage rate. Final public hearing - adopt final budget and millage rate.
OCTOBER	New Fiscal Year begins.

## **BUDGET PROCESS - SCHEDULE**

Budget preparation is a year round process. It begins with policy planning for the next year in November, based on deliberations of the strategic planning team. Results of this process are brought to the Board of County Commissioners in a strategic planning retreat in January to obtain general policy direction for the budget process. The formal budget preparation process begins in February, with the distribution of the budget guidelines to departments, and planning for the schedule and agenda for the Citizens Budget Committee. The Citizens Budget Committee identifies and reviews budget issues of interest and reports to the Board in the budget review process.

Departments prepare their budgets in March for review by the County Administrator in April. Capital projects are reviewed by the Administrator in May, and by the Board in June. The Board reviews the budget requests in July, and then adopts a proposed millage rate. The tentative budget is prepared in August. Two public hearings are held in September. At the first hearing, the tentative budget is presented. After public comment and Board discussion, a tentative millage rate and tentative budget are adopted. At the second and final hearing, a final millage rate and final budget are adopted.

The budget is adopted at the Fund level. During the course of the year, the administration may transfer funds among line items as may be required for budget and fiscal management purposes. The budget may be amended, and funds may be moved from contingency reserves, only by action of the Board of County Commissioners, in accord with State statute.

## **CATEGORIES OF AND DISCUSSIONS ON REVENUES & EXPENDITURES**

### **Revenues are divided into the following categories:**

#### **A. Taxes**

The State of Florida does not have a state or local income tax. Specific types of taxes levied by local government include ad valorem (real and personal property), and sales and use taxes (imposed upon sale or consumption of goods and services levied locally). Sales and use taxes imposed by county government include the tourist development taxes, and local option gas taxes. Property tax revenue estimates are based on certified property valuations. Sales and use tax revenues are based on history and state provided estimates.

Franchise fees are also accounted for in this category. These fees may be levied on a corporation or individual by the local government in return for granting a privilege or permitting the use of public property subject to regulations. The State collects fees imposed under the Telecommunications Act and disperses them to participating counties. The County also collects electrical, and solid waste franchise fees. Revenue estimates are based on history and customer base projections.

#### **B. Licenses and Permits**

These revenues are derived from the issuance of local licenses and permits. Within this category are professional and occupational licenses, building permits and any other licenses and permits (e.g., building, roofing, plumbing permits; occupational license fees). Revenue estimates are based on prior year collections.

#### **C. Intergovernmental Revenues**

Included are revenues received from federal, state and other local governmental sources in the form of grants, shared revenues and payments in lieu of taxes. The state shared revenues that are of most importance to county government are revenue sharing, mobile home licenses, alcoholic beverage licenses, racing tax, local government half-cent sales tax, constitutional gas tax, and county gas tax. The state provides revenue estimates, except for grants; grant revenues are estimated based on information provided by grantors.

#### **D. Charges for Services**

These revenues include all charges for current services such as recording of legal documents, zoning fees, county officer fees (fees remitted to county from officers whose operations are budgeted by the Board of County Commissioners), county court fees, circuit court fees, water utility, garbage/solid waste, sewer fees, park, library and recreation fees. Revenue estimates are based on revenue history and operating

agency projections.

#### **E. Fines and Forfeitures**

This group of revenues includes moneys received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations or for neglect of official duty. Some examples include court fines, library fines, and pollution control violations. Revenue estimates are based on revenue history.

#### **F. Miscellaneous Revenues**

Monies in this category are primarily interest earnings. Types of interest earnings include moneys on investments, contracts and notes, interest earnings of the Clerk of Court, Tax Collector, Sheriff, Property Appraiser and Supervisor of Elections. Also included would be rents and proceeds for use of public property. Revenue estimates are based on history and analysis of fund balances.

#### **G. Internal Service Charges**

The Risk Management program generates revenue to fund the program by billing the departments for services provided. Revenues are determined by agency requirements which, are determined in the budget review process. The expenditure to the department is an example of an Internal Service Charge. The use of an internal service fund enhances cost accounting and accountability for this in-house service; however, since expenditures are counted in both the originating department and in the internal service fund, this results in a double count of the expenditures.

#### **H. Non-Revenues**

Non-revenues are categories of monies that are not generated by traditional activities such as taxes, fees for services, or intergovernmental transfers from State to County. Included are such groupings as transfers, bond proceeds, insurance proceeds and unspent budgets and interest earned by Constitutional Officers which must, by State law, be returned to the County. Estimates are based on history or on anticipated transactions such as bond issuances

#### **I. Less 5% Anticipated Revenues**

State law requires that budgeted collections for ad valorem (property tax) revenues be set at not less than 95% of estimates projected by the Tax Collector, and that receipts generally, except for fund balances brought forward, be budgeted at 95% of anticipated levels.

**Expenditures are divided into the following categories:**

**A. General Government Services**

Includes the costs of providing representation of the citizenry by the governing body (Board of County Commissioners) as well as executive management and administration of the affairs of local government (County Administrator's Office). Also included in this category are the financial and administrative costs of government (budgeting, accounting, auditing, property appraisal, tax collecting, personnel, purchasing, communication, printing, stores, property control, grants development and any other support services).

In addition, General Government includes legal services (County Attorney), comprehensive planning (County Planning Department), costs of providing a court system (Court Administrator, County Court, State Attorney, Public Defender, Law Library), court reporting, and Information Technology.

**B. Public Safety**

Security of persons and property is the major focus of this category. Included are law enforcement (Sheriff, Public Safety), detention and/or correction (county jail), protective inspections (building and zoning inspections), emergency and disaster relief services (emergency management, communications system), and medical examiner.

**C. Physical Environment**

Costs of services provided to achieve a satisfactory living environment are assigned to this group. Categories include utility services, garbage/solid waste control, sewer services, conservation and resource management, flood control and other physical environmental needs.

**D. Transportation**

Costs incurred for the safe and adequate flow of vehicles, travelers and pedestrians are included. Specific subcategories include road and street facilities, traffic engineering, street lighting (County Department of Public Works), airports (Port & Airport), water transportation systems (canals, terminals, dock and ports), and transit systems.



### **E. Economic Environment**

Costs of providing services to develop and improve the economic conditions of the community, including tourist development, are allocated to this category. Not included are welfare functions which are included in human services.

### **F. Human Services**

Costs of providing services for care, treatment and control of human illness and injury are included. Expenditures in this function include mental health, physical health, welfare programs, special needs and interrelated programs such as the provision of health care for indigent persons. Specific health care activities related to the County included the Health Unit, New Horizons, Mosquito Control, Abbie Jean Russell Center, and the Council on Aging.

### **G. Culture and Recreation**

Costs incurred in providing and maintaining cultural and recreational facilities and activities for citizens and visitors are included in this function. Separate categories include all library costs, recreational programs, golf courses, swimming pools, tennis courts, public parks, community centers, camping areas and bicycle paths. Any expenses for special events such as county fairs, civic events, historical celebrations etc. are assigned here.

### **H. Internal Services**

Expenditures incurred by one County department for services requested by another County department. Risk Management (Insurance Fees) are examples of internal service expenditures.

### **I. Non-Expenditure Disbursements**

Included in this category are transfers, reserves and transfer to constitutional officers. Interfund transfers represents amounts transferred from one fund to another to assist in financing the services of the recipient fund. Transfers do not constitute additional revenues or expenditures of the governmental unit, but reflect the movement of cash from one fund to another. Transfers to constitutional officers are disbursements to the constitutional officers (Sheriff, Supervisor of Elections and Clerk of the Circuit Court).

**ST. LUCIE COUNTY  
FISCAL YEAR 2001-2002 BUDGET  
BUDGET SUMMARY**

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